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Current Support Brief

COMMUNIST-SPONSORED CONSTRUCTION PROJECTS IN CAMBODIA



CIA/RR CB 64-2

January 1964

CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

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COMMUNIST-SPONSORED CONSTRUCTION PROJECTS
IN CAMBODIA

Both Communist China and the USSR have sponsored aid programs in Cambodia, but these programs are small compared with that sponsored by the US. The limited economic aid extended to Cambodia by the Communist countries has been concentrated on construction projects. The Chinese Communists have furnished the majority of this aid, but performance on their projects has been characterized by a failure to meet time schedules and by excessive costs. The USSR has built a hospital and is currently building a technological institute, and performance on these two projects has been very good. Aid provided by the rest of the Soviet Bloc, which to date has been nominal in quantity, is increasing, as a Czechoslovak-sponsored construction program gets underway.

1. Communist China

The Chinese Communists, during 1956-62, extended approximately \$50 million* in economic aid to Cambodia. About \$31 million of this total has been drawn and actually used for various projects. 1/ The aid drawn has been concentrated on construction of four plants: textile, paper, plywood, and cement.

The four projects were first planned in 1956, but actual construction was not started until 1959. Construction of the textile and paper plants was begun in March 1959, and the plywood plant is believed to have been started about the same time. Preliminary work on the cement plant was begun in December 1960. The Chinese originally had planned to complete the textile, paper, and plywood plants in March 1960. Construction of the cement plant was to have been completed by December 1962. None of these planned completion dates has been met. The textile plant was completed in May 1960, the plywood plant in October 1960, the paper plant in February 1961, and the cement plant is now scheduled for completion in January 1964. 2/ The best Chinese performance was in completing the textile plant only 2 months after the planned completion date. Their performance has been considerably poorer on the other three projects.

* All dollar values in this publication are at the official exchange rate of 35 rials to US \$1.

This poor performance pertaining to construction time has been coupled with an equally poor performance in meeting planned costs. The four projects originally were scheduled to cost \$14.3 million, the amount that was allocated in the Chinese grant of \$22.9 million in 1956. In 1960 the Chinese extended an additional grant of \$26.5 million, of which \$11.4 million was earmarked for use in completing and expanding the four projects. In February 1961 it was learned that \$20.6 million had already been spent on the factories and that additional funds were required for the completion of the cement plant. At that time it was believed that the total cost of the four projects would come close to the sum of both grants, or \$25.7 million. ^{3/} These funds were not sufficient, as the Chinese, in May 1963, allocated \$4.56 million in addition from the 1960 grant to be used on completing the cement plant. ^{4/} If the funds from this last grant are used completely, then the cost of the four projects will total about \$30 million, about twice the originally planned amount, although some of the excess can be attributed to expansion of the original plant layouts.

The poor Chinese performance on the four projects can be partly attributed to delays in shipping construction materials such as cement and steel reinforcing rods and to delays in shipping the necessary plant machinery from Communist China. Other reasons include poor Cambodian-Chinese relationships at the plant sites and ineptness on the part of Cambodian administrators. Regardless of the reasons, the Chinese Communists have compiled a poor construction record in building industrial installations in Cambodia.

2. Soviet Aid

Soviet economic aid extended to Cambodia during 1956-62 was limited to three grants that totaled approximately \$11 million. ^{5/} The greater part of this aid has been drawn and concentrated on two large projects, a modern 500-bed hospital and a technological institute. In addition, the USSR extended a loan of \$12.2 million in April 1963 for construction of the Kamchay hydroelectric project.

The Khmero-Soviet Friendship Hospital in Phnom Penh is the most impressive of the Soviet Bloc aid projects in Cambodia. Construction of the hospital was finished in August 1960, only 1 month behind schedule. The hospital has been criticized as wastefully overdesigned for expected structural loads. The internal layout also has been criticized as too decentralized for efficient use of scarce medical personnel. ^{6/} Nevertheless, the construction is of good quality and attractive architecture,

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and these factors along with completion virtually on schedule have combined to create a favorable impression.

The technological institute, under construction in Phnom Penh, apparently is going to be as impressive as the hospital. Aid in constructing the institute was offered to the Cambodians in late 1960. On 20 June 1961 the basic project agreement was signed, and work at the site began in early 1962. Construction has been proceeding at a rapid pace, and the institute is expected to be completed by early 1964 if not before. The relatively simple design of the institute and the presence of Soviet technicians apparently have been responsible for the speed at which work has progressed. ^{7/} This rapid pace of construction has created a favorable impression on the Cambodians, and the timely completion of this project undoubtedly will enhance Soviet prestige.

3. Other Bloc Aid

Poland and Czechoslovakia have been the only two Satellite countries that have furnished economic aid to Cambodia. Poland gave the Cambodians equipment for a complete operating ward for the hospital at Kompong Cham in 1956. Czechoslovakia has given Cambodia three different electrical generators and six X-ray machines. In addition, the Czechoslovaks have extended a loan that is to be used for the construction and equipping of four projects: a sugar refinery, a tire factory, a tractor assembly plant, and a munitions factory. ^{8/} Construction just recently has been started on these projects, and an evaluation of Czechoslovak performance is not feasible at this time.

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